

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6635

BILL NUMBER: SB 386

NOTE PREPARED: Feb 22, 2011

BILL AMENDED: Feb 21, 2011

SUBJECT: Local Government Reorganization.

FIRST AUTHOR: Sen. Waltz

FIRST SPONSOR: Rep. Frizzell

BILL STATUS: As Passed Senate

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Fiscal Impact Analysis: The bill requires the plan prepared by a reorganization committee under the government reorganization statutes to include a fiscal impact analysis. It specifies the required contents of the fiscal impact analysis. It also requires a reorganization committee to submit the fiscal impact analysis to the Department of Local Government Finance (DLGF) at least six months before the election in which the public question will be on the ballot.

DLGF: The bill requires the DLGF to do the following within a reasonable period of time, but not later than 30 days before the public question:

- (1) Review the fiscal impact analysis.
- (2) Make any comments concerning the fiscal impact analysis that the department considers appropriate.
- (3) Provide comments to the legislative body of the reorganizing political subdivisions and post the comments on the DLGF's Internet web site.

The bill also requires the reorganizing political subdivisions to pay the expenses incurred by the DLGF in carrying out the review and preparing the comments.

Dissolution of Townships: The bill provides that if the office of township trustee is abolished as part of a local government reorganization, the powers and duties of the township trustee concerning cemeteries are transferred to the county executive. It provides that if a township board is abolished as part of a local government reorganization, the fiscal and legislative powers and duties of the township board concerning

cemeteries are transferred to the county fiscal body and the county legislative body.

Special Elections: The bill provides that certification of a public question on a proposed local government reorganization must occur as required for other public questions under the election law. It allows a special election to be held on a public question concerning a proposed government reorganization if the reorganizing political subdivisions request the special election and agree to pay the costs of holding the special election.

Tally of Votes: The bill provides that in the case of a proposed reorganization between a municipality and a township: (1) the voters residing within the municipality shall be included only in the tally of votes for the municipality and shall not be included in the tally of votes for the township; and (2) the voters who reside within the township but do not reside within the municipality shall be included only in the tally of votes for the township and shall not be included in the tally of votes for the municipality.

Reorganization of Townships: The bill specifies that a reorganized political subdivision created from two or more townships and at least one municipality that have reorganized: (1) may exercise park and recreation powers and establish a park and recreation board if the reorganized political subdivision's plan of reorganization authorizes the reorganized political subdivision to exercise those powers; and (2) may exercise planning and zoning power if the reorganized political subdivision's plan of reorganization authorizes the reorganized political subdivision to exercise those powers.

It provides that such a reorganized political subdivision shall by resolution or in the plan of reorganization determine the number of members to be appointed to the reorganized political subdivision's park and recreation board, advisory plan commission, and board of zoning appeals.

Date of Action: The bill provides that a political subdivision may not take certain actions within a reorganizing political subdivision after the date a plan of reorganization is finally adopted by all reorganizing political subdivisions except in the following circumstances:

- (1) All reorganizing political subdivisions agree to allow the action by adopting identical resolutions.
- (2) The plan is rejected by voters in a referendum.
- (3) The plan is approved by voters and the earlier of the following occurs:
 - (A) The plan is implemented.
 - (B) One year has elapsed from the date the plan has been approved.

Lake County Convention and Visitor Bureau: It changes the membership of the Convention and Visitor Bureau in Lake County.

Effective Date: Upon passage, July 1, 2011.

Explanation of State Expenditures: *DLGF:* The DLGF is to certify its expenses for review of, comment on, and posting on its website of a fiscal impact analysis concerning a political subdivision reorganization. The reorganizing political subdivisions will reimburse the expenses. [There are no data available to estimate how much expense the DLGF may incur with these added responsibilities.]

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could increase costs for reorganization by political subdivisions by requiring the reorganization committee to prepare fiscal impact analyses, reimburse for

DLGF expenses concerning review of the fiscal impact analyses, and to pay for special election costs. The additional costs will depend on the circumstances of the reorganization and the number of political subdivisions involved.

[Under current law, the reorganizing political subdivision with the largest population pays the expenses of the reorganization committee and then seeks reimbursement from the other reorganizing subdivisions in accordance with adopted agreements or in proportion to population size.]

Fiscal Impact Analysis: The fiscal impact analysis must include at a minimum the estimated effect on the taxpayers of each political subdivision, a description and the method(s) of financing planned services, and a description and the method(s) of financing capital improvements.

DLGF Reimbursement: See *Explanation of State Expenditures*.

Special Election: Under current law, county election boards are required, with some exceptions, to conduct a municipal primary and election. Expenses from county-operated municipal elections are reimbursed by the municipality to the county. If the expenses of a municipal primary or election cannot be directly attributed to a single municipality, the expenses are apportioned 25% to the county and 75% to the municipalities in the county holding an election. Under the bill, only the reorganizing political subdivisions would bear the expense for special election and counties would not.

Reorganization of Townships: The costs of the provisions concerning transfer of certain cemeteries or parks and recreation board powers and duties are indeterminate and will depend on any efficiencies that may be gained in such a transfer.

(Revised) Lake County Convention and Visitor Bureau: The number of members of the Lake County Convention and Visitor Bureau will increase from 15 to 19. The members of the Lake County Convention and Visitor Bureau serve without salary, but are compensated for necessary expenses incurred in performance of their duties and must swear oaths. The composition changes as follows.

| Current Board | No. | Proposed Board | No. |
|---|------------|--|------------|
| Executives of the eight largest municipalities | 8 | Executives of the five largest municipalities | 5 |
| | | Executives of the seven largest towns | 7 |
| Appointed by the legislative body of the two largest municipalities | 2 | Appointed by the legislative body of the two largest municipalities | 2 |
| County Council appointments | 2 | County council appointments (changes requirements to a resident of the 5 th largest city and a resident of the 8 th largest town) | 2 |
| County Commissioner appointments | 2 | County commissioner appointments (changes requirements to one resident of the 6 th largest town and one resident of the 7 th largest town) | 2 |
| Lieutenant Governor appointment | 1 | Lieutenant Governor appointment | 1 |

Explanation of Local Revenues:

State Agencies Affected: DLGF.

Local Agencies Affected: Reorganizing political subdivisions.

Information Sources:

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